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Costa Rica

SUGAR ANNUAL

Sugar Production and Trade Report

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Report Highlights:

Costa Rica's sugar production is expected to reach 365,000 MTRV in 2008/2009, down from 376,200 MTRV in 2007/2008. Production is forecast to remain unchanged in 2009/2010. Costa Rica has filled the quotas it receives from the U.S. under the WTO and CAFTA-DR.

Executive Summary:

Costa Rica's cane and sugar production declined to 3,561,000 MT and 376,200 MT respectively in the 2007/2008 crop year. This was the lowest sugar cane production level in the past three years. The 2008/2009 crop is expected to decline as well, but at a slower rate. Cane production is forecast at 3,510,000 MT and sugar production at 365,000 MT. Production was negatively affected by several factors during the last two crops, including the high cost of inputs (fertilizers, fuel, pesticides), uncertainty regarding Costa Rica's participation in CAFTA-DR, higher incidence of diseases and unfavorable weather conditions. Sugar production is forecast to remain unchanged in 2009/2010.

Commodities:

Select

Production:

Costa Rica's sugar industry is made up of approximately 7,000 producers and 15 sugar mills, distributed in 6 regions of the country. However, more than 50 percent of cane production is concentrated in the pacific region, mainly in the province of Guanacaste. The majority of the sugar mills are owned by Costa Rican nationals, although at least one company is owned by Guatemalan investors. The Costa Rican Sugar League (LAICA) is the institution that regulates the relationship between producers and millers. LAICA is also involved in the marketing and sales of sugar for domestic consumption and for export.

Based on preliminary data from LAICA cane production will decline 1.43% to 3,510,000 MT during crop year 2008/2009. Lower production is the result of lower area planted, negative weather conditions, and the effect of sugar cane diseases which affected several production regions. A disease known as "orange rust" caused by the fungi *Puccinia kuehnii* has caused serious problems in susceptible cane varieties primarily in the Southern production region of Perez Zeledon, in San Carlos in the North, and in the Central Valley. Other diseases that affected production included joboto (*phyllophaga* spp.) and "snake's spittle" (*Aeneolamia* spp, *Prosapia* spp), the increase in the cost of inputs during 2007 and 2008 had a negative impact on productivity and on planting decisions.

Area Planted

Area planted of sugar cane is estimated to be 52,000 ha. with 50,000 ha. being harvested. Area planted declined in 2008/2009 as a result of competition for land from other crops (primarily pineapples). However, sugar mills, mainly in the Guanacaste region continue to lure producers of other crops (mainly rice) to shift to sugar cane production. Sugar production may face more competition in the near term as some producers may consider planting rice if market conditions favor its production.

Yields

Data provided by the Costa Rican Sugar League (LAICA) indicates that the average sugar cane yield is expected to increase to 71 MT/ha. in 2008/2009 from 65.3 MT/ha. in 2007/2008. The average sugar yield was 105.44 kg/ton in 2007/2008 and it is expected to decline to 104.1 kg/ton in 2008/2009.

Prices

Costa Rica has a cumbersome procedure (dictated by law) for establishing sugar prices, therefore it is difficult to determine an average price paid to the producer. According to LAICA, however, for the 2007/2008 crop, the price for sugar paid to the producer was \$0.24/kg. The retail price of sugar in the domestic market is about \$0.87/kg. of white sugar.

Consumption:

Costa Rica's sugar consumption is estimated to reach 240,000 MT in 2008/2009, down 2.44% from crop year 2007/2008. Per capita sugar consumption was 56.33 kg. in

2007/2008. Costa Rica's per capita sugar consumption is one of the highest in the region, although it has declined from a record 59.2 kg in 1997-1998. Of total sugar consumption, 50.6% was used for direct consumption and 49.4% was for industrial use in 2007/2008.

Trade:

Sugar exports amounted to 107,947 MT in 2007/2008. Costa Rican sugar exports are expected to reach 115,000 MT during the 2008/2009 crop year. The main destination for Costa Rica's sugar during the 2008/2009 crop year is the United States. Exports to the United States include the U.S. WTO and the CAFTA-DR sugar quotas (both of which Costa Rica has already filled), and sugar for re-export. Other destinations were the Bahamas, and Jamaica.

Export Trade Matrix	
Costa Rica	
Sugar, Centrifugal	
MT	
Time Period	2007/2008
Exports for:	
U.S.	60,331
Others	
Canada	27,950
Peru	7,950
Jamaica	4,472
Bahamas	4,450
Total for Others	44,822
Others not Listed	2,795
Grand Total	107,948

Production, Supply and Demand Data Statistics:

Sugar Cane for Centrifugal - Costa Rica	2008			2009			2010		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009		
	Annual Data Displayed	New Post		Annual Data Displayed	New Post		Annual Data Displayed	Jan	
			Data			Data			Data
Area Planted	57	57	57	0	57	52			52 (1000 HA)
Area Harvested	55	55	55	0	55	50			50 (1000 HA)
Production	4,200	3,600	3,561	0	4,000	3,510			3,500 (1000 MT)
Total Supply	4,200	3,600	3,561	0	4,000	3,510			3,500 (1000 MT)

Utilization for Sugar	4,200	3,600	3,561	0	4,000	3,510			3,500	(1000 MT)
Utilization for Alcohol	0	0	0	0	0	0			0	(1000 MT)
Total Utilization	4,200	3,600	3,561	0	4,000	3,510			3,500	(1000 MT)
TS=TD			0			0			0	
Comments										
AGR Number										
Comments To Post										

Sugar, Centrifugal Rica	Costa	2008			2009			2010			
		2007/2008			2008/2009			2009/2010			
		Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Oct 2009			
		Annual Data Displayed		New Post	Annual Data Displayed		New Post	Annual Data Displayed		Jan	
				Data			Data			Data	
Beginning Stocks		109	109	109	116	116	130			130	(1000 MT)
Beet Sugar Production		0	0	0	0	0	0			0	(1000 MT)
Cane Sugar Production		376	376	376	385	385	365			365	(1000 MT)
Total Sugar Production		376	376	376	385	385	365			365	(1000 MT)
Raw Imports		0	0	0	0	0	0			0	(1000 MT)
Refined Imp.(Raw Val)		0	0	0	0	0	0			0	(1000 MT)
Total Imports		0	0	0	0	0	0			0	(1000 MT)
Total Supply		485	485	485	501	501	495			495	(1000 MT)
Raw Exports		123	123	108	140	140	120			125	(1000 MT)
Refined Exp.(Raw Val)		0	0	0	0	0	0			0	(1000 MT)
Total Exports		123	123	108	140	140	120			125	(1000 MT)
Human Dom. Consumption		246	246	247	250	250	245			245	(1000 MT)
Other Disappearance		0	0	0	0	0	0			0	(1000 MT)
Total Use		246	246	247	250	250	245			245	(1000 MT)
Ending Stocks		116	116	130	111	111	130			125	(1000 MT)
Total Distribution		485	485	485	501	501	495			495	(1000 MT)
TS=TD				0			0			0	
Comments											
AGR Number											
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